

Approved For Release 2005/12/05 : CIA-RDP82M00345R000700020119-6

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
Territorial Affairs

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January 14, 1977

George:

Executive Registry

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Thought these might be of interest to you.


Fred

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JANUARY 6, 1977-MARIANAS VARIETY NEWS AND VIEWS-PAGE 3

Sen. Inouye meets Micro negotiators

Cisco Uludong
Editor

Saipan - Senator Daniel Inouye, Chairman of the U.S. Senate Committee on Intelligence, last week-end met quietly with representatives of the Micronesian Commission on Status and Transition.

Commission Chairman Andon Amaraich, Senator Bailey Olter and Executive Director Asterio Takeshy flew to Hawaii at Inouye's invitation and reportedly discussed with the top-ranking Democrat in the Senate about the alleged CIA surveillance in Micronesia and the future status negotiations, according to a Congress of Micronesia news release.

Meanwhile, Senate President Tosiwo Nakayama and

House Speaker Bethwel Henry also wrote a letter to Inouye and his committee, according to a COM release. The COM presiding officers in a letter dated December 31, 1976, requested the U.S. Senate to probe if other U.S. intelligence agencies were involved in surveillance activities in Micronesia.

Nakayama and Henry urged Inouye's Committee to "consider the possibility that surveillance was used in connection with other issues including the Congress of Micronesia's Law of the Sea Committee and the new Delegation that replaced it."

The Committee was further asked to investigate other

issues such as the return of public lands dispute in 1974 between the Congress of Micronesia and the Department of the Interior. This issue involved a U.S. policy statement issued by former ambassador to the Micronesian Status Negotiations, Franklin Haydn Williams.

The presiding officers wrote that while they have no knowledge of activities by the CIA or any other intelligence-gathering body of the U.S. Government in Micronesia, the revelations in Bob Woodward's story in the Washington Post "did not come as a shock to us."

"For several years, members of the Congress of Micronesia have been con-

cerned with the connection between former Ambassador Williams the Asia Foundation, and the CIA," the presiding officers wrote.

Nakayama and Henry noted that over the years too, "from time to time, Micronesian officials have noticed military and other U.S. officials visiting the districts, sometimes on announced business, and at other times with no publicly stated purpose."

The presiding officers have also recently asked the United Nations for a legal opinion on whether CIA spying in Micronesia has violated the trusteeship agreement.

**Constitution
Referendum
March 6**



ANNOUNCEMENT
From
KIMCHI KABANA

Saipan -- March 6,
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Inside:

pages 15-17
pages 18-19
pages 24-29
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pages 30-31
d ads, pages 32-34
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A. Zeder, director of the
of Territorial Affairs

ter From Gachong

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Gachong

Pacific Daily News

PUBLISHED ON GUAM WHERE AMERICA'S DAY BEGINS
VOL. NO. 10, 1951, GUAM, MITSUBISHI, JAPAN, 20' on Guam and Saipan

be "improper" to suggest that inaugural Friday night, which hinted that the Carter (Continued on page 3)

'Bug' Hearings Jan. 17

From Daily News Wires

WASHINGTON - Spying in paradise?

Perhaps, and the Senate Intelligence Committee is opening hearings Jan. 17 to find out if the long arm of the Central Intelligence Agency (CIA) extends also to more than 2,000 Pacific "paradise" islands and atolls that make up Micronesia.

The group, scattered over a 3-million-square-mile area of the Pacific, is under a United Nations trusteeship which has been administered by the United States since World War II.

Many of the islands were wrested from the Japanese by U.S. forces only after some of the most-bitter and bloody fighting of World War II.

Micronesian officials wrote the U.N. Trusteeship Council last week to complain that CIA agents have had Micronesian negotiators under electronic surveillance.

The CIA was said to have fed the information to state department

and other officials concerned in negotiating with the Micronesians and new status for the group.

Leaders of the some 10,000 Micronesians are seeking full independence, with Washington disposed to a gradual dissolution of the trusteeship and with the United States maintaining control of defense and foreign affairs up to near the end of this century.

CIA agents were said to have "bugged" the Micronesian delegation on Saipan and elsewhere over a 4-year period.

Press reports last month said the CIA was said to have held that since the Micronesians are not U.S. citizens, they were legitimately subject to surveillance, particularly because of the potential strategic need for the islands as U.S. bases. There are no bases now in Micronesia.

E. Haydn Williams, President Ford's personal representative at the talks, resigned last year and the negotiations have been creeping along under an acting chief.

Zeder

Territorial Affairs Needs 'Businessman'

By George Blake
Gannett News Service

WASHINGTON — An experienced and successful business executive with proven management ability should be selected to replace him as director of the Office of Territorial Affairs, Fred M. Zeder has suggested to the Carter Transition Committee.

In a 10-page report to the transition group, Zeder also notes that the new administration faces an "equally important assignment" in selecting a new high commissioner for the Trust Territory (TT), a position which has been open since last July.

The chance to make both appointments "presents an opportunity for the Carter administration to take a whole new and untrammelled look at this entire situation," he says.

Zeder also recommends restructured lines of authority among the territories office, the Office of the High Commissioner and the Office of Micronesian Status Negotiations, and says that "consideration should be given to moving the Office of Territorial Affairs out of the Department of the Interior."

But the major premise of the Zeder report is that the territories office has made great strides under his administration, and that if these "successes" are to continue, a proven business manager is needed.

Over the past 18 months, sweeping changes have been made in the function of

The outgoing director, who according to sources has refused a request that he remain in the position, says that before his administration the territories office "served principally as a clearinghouse for policies and programs initiated by other departments, agencies, political groups and organizations."

"It was nothing more than a wailing wall where the needy and greedy came to beat their heads," Zeder says.

"Since the creation of this office in the 1930s, under both Democratic and Republican administrations, territorial affairs has too often been the dumping ground for washed-up politicians and past party loyalists. This is precisely the type of person you don't need.

"Nor do you need a worn-out bureaucrat trained in avoiding responsibility and schooled in the art of ambivalent rhetoric. Anyone who has served time in the territories is also a bad bet.

"A bookkeeper viewing the world through a green eyeshade and a lawyer quoting codes and regulations for 'staying out of trouble' can't hack it. You don't need a philosopher, historian, sociologist, economist, academician, conservationist or a theorist.

"What you really need is an experienced and successful business executive with proven management ability. He should be a realist with patience and perseverance, blessed with a sense of humor and of history. He should be an innovator, an activist, leader and manager. He should



ZEDER

the bait now can be found scattered throughout the islands.

"They are out of sight and out of mind. Which, of course, was the purpose of the exercise in the first place."

Johnston, although Johnston's name is not mentioned.

"The last high commissioner," Zeder writes, "in his acceptance speech on Saipan in 1969, told his Micronesian audience that he was 'going to run this office as though he was running for re-election.' He did just that. It was, and still is the wrong way to operate."

"This is not a popularity contest. It's a tough and demanding management assignment. It requires a tough and demanding manager."

Zeder urges that consideration be given to moving the territories office out of Interior. In all the territories "our socioeconomic and geopolitical relationships have undergone dramatic changes," he says. "The principal thrust is now for economic development. Perhaps the whole operation should be in the Department of Commerce.

"Another option might be to make territorial affairs a special White House function. The office deals with just about every federal agency in the government. Linked to the executive branch, the Office of Territorial Affairs would have a better vantage point and better support for its purpose and being."

Inconsistencies in having the Office of Micronesian Status Negotiations separate from the Office of Territorial Affairs have caused some problems, Zeder says. He urges that the negotiations be supervised by the territories head.

"The director of the Office of Territorial

management systems have been introduced and new policies, and procedures have been established. There is plenty of evidence that these changes were desperately needed and that the new administrative concepts are proving to be resultful.

"Previously established qualifications for this job are not only no longer valid, they would be counterproductive."

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 changing the title of the "high commissioner," which he says "sort of smacks of colonialism."

"In the selection of a high commissioner and his entourage, the lure of an existence in a tropical paradise too often has been cast upon the receding waters of a political campaign," he says. "It hooks the unwily favor-seeker. Many of those who went for

island living," and that officeholders seek solace by "sinking into the tranquility of accepting the slow and unalterable evolution of nature."

"Solace is also sought in the bottom of a bottle," he adds. "Alcoholism is a major occupational hazard."

"Zeder also levels criticism directly at the last high commissioner, Edward

the responsibility of negotiating status in Micronesia," he concludes. "Just as he now serves in this capacity for Guam's future status."

Because such a move would enable both negotiations to be handled by the same staff, the government would save about \$500,000 a year, Zeder says, and the U.S. "would have greater assurance that a potential billion dollars' commitment over the next 15 years will not be completely wasted."

...But Carter May Stress Sociology

By Bill Dietrich
 Gannett News Service

WASHINGTON - The political changeover in the U.S. Interior Department could also change the federal managers of the Pacific Trust Territory from hard-headed Republican businessmen to Democratic sociologists -- some of them islanders.

"The present administration has stressed the economic problems of Micronesia," said Dan Beard of President-elect Jimmy Carter's transition staff. "We're worried not just about the economics, but the social problems of the islands as well."

Carter didn't mention the territories in his campaign. Interior Secretary-designate

Cecil Andrus (now governor of Idaho) knows little about the area. He said that he would not comment on any Interior issues until the Senate had confirmed him in the job.

But Beard said he expects the Carter administration to take a keen interest in involving island natives in the top levels of territorial policy-making. "In American Samoa we've never had a native (as) governor," he said. "One of the top priorities will be to get the names of qualified applicants from the native population."

Beard has been a key legislative aide on Interior matters to chairman Sidney Yates, D-Ill., of the House Appropriations Subcommittee on the Interior.

Three of the top appointments to be made include the positions of the director of the Office of Territorial Affairs in Washington and the high commissioner and deputy high commissioner of the Trust Territory.

Other concerns of the incoming administration include the future of native culture in the islands, the dangers of economic development, completion of the Micronesian status talks and the political unity of Micronesia, which is threatened by a growing movement for some islands to split apart as they become richer than others.

Expected to leave is Fred Zeder, current director of the Office of Territorial Affairs, whose stated aim was to

"establish the right climate for economic growth."

Zeder, a wealthy Texas businessman, said, "You can't keep the Micronesians in a zoo for tourists to come take pictures of them. On the other hand, you can't expect them to work nine to five in a factory to earn discretionary income that they don't need. You have to find a middle ground."

Zeder's advice to the incoming administration: Encourage enough business development to let the islands become self-supporting and stop the \$100 million-a-year drain from the federal treasury to support island government that he called "nothing more than a form of welfare."

He said salaries for 12,000 island government employees -- 10 times as many as are needed, he claims -- cost \$50 million a year. The system is maintained as a

kind of makework welfare, he says.

At the same time, Zeder said, economic opportunities in the islands are not being exploited. He said he believes outside investors could bring a cautious degree of development to the islands without causing the rush of growth that has left Puerto Rico an economic disaster area after a similar experiment.

He favors a capital-heavy, low-labor industry -- the kind that could provide a fat tax base without requiring large numbers of Micronesian or foreign workers. Simply leaving things in the hands of the islanders invites economic disaster, said Zeder, but trying to impose a Puritan work ethic will be equally wrong.

His advice to the Pacific islanders: "They're making a terrible mistake if they think now that the Carter administration is in that this will open the door to the federal treasury."

The future is still unclear. One reason is that, in the past, men in Zeder's job have been left to run the office as they saw fit without much interest from administration higher-ups.

(Continued on page 6)

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8' TO 12'

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Guerrero Marianas

Speaker

SAIPAN (MNS) -- Sen. Herman R. Guerrero of Saipan has been elected speaker of the first regular session of the 5th Northern Marianas Legislature. The session convened Monday and will run for 45 calendar days.

Senators also elected: Olympio T. Borja, vice-speaker; Vicente N. Santos, parliamentarian; and Herman Q. Guerrero, legislative secretary.

Speaker Guerrero is a former member of the Congress of Micronesia (COM) House of Representatives and a former executive director of the Mariana Islands Community Action Center.

Borja has been with COM since 1965 as a committee chairman and vice-president.

of the arrest continue to be released.

The availability of the record has had an "adverse effect" on Castro's employment chances, the suit states. The suit names as defendants Atty. Gen. Charles B. ... Acting DPS Director Pedro Manibusan and Manuel Paulino, assistant, DPS central records division.

Zamora Loses His Parole Bid

The parole board has denied a third bid for release from Adolpho C. Zamora, 42, serving an 18-year sentence for robbery, according to Luis Camacho, board chairman.

Zamora began serving the sentence in September 1967 but was paroled here in 1973 after being sent to Hawaii State Prison for rehabilitation.

A parole violation involving charges of possession of an unregistered firearm and receiving stolen property put Zamora back in the Guam Penitentiary about eight months later.

Carter To Change Territorial Aims?

(Continued from page 4)

Whoever is appointed to succeed Zeder as director of Territorial Affairs is expected to have a dominant impact.

Still another reason is that there is considerable sentiment in Washington to let the Micronesians decide things for themselves. Sen. James McClure, R-Idaho, a member of the Senate Interior Committee who has toured the islands twice, suggested that "the Senate will tend to support Micronesians in their decisions, whatever those might be. The decisions are really theirs."

Finally, the territories are low on the political priority list. Said one source in the Carter transition camp, "The islands are low man on the totem pole. There aren't any votes out there."

Zeder is favorably impressed by Andrus. "I think he'll be a good guy. The running of this office is the same as running a huge state that runs from the Virgin Islands to Guam, and a governor should be able to appreciate that."

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Classified ads, pages 32-34
Sports on back

Pacific Daily News

PUBLISHED ON GUAM, WHERE AMERICA'S DAY BEGINS
20' on Guam and Saipan

Zeder Hints 'Nothing Will Change' In GPA Loan Terms Under Carter

By Judy J. Miller
Daily News Staff

The electrical juice powering your stereo is sending a buzz felt all the way to Washington, D.C., and to America's President-elect, according to players in the Guam Power Authority (GPA) loan controversy.

Citing various secret sources in the capital city, officials here and in Washington, D.C., are at odds over whether President-elect Carter will provide money to keep that power on.

Fred M. Zeder, director of the Office of Territorial Affairs

within the U.S. Department of Interior, yesterday reiterated his statement that the Carter administration is not going to be receptive -- at the flick of a switch -- to Guam's need for \$36 million to bail out the power agency here.

In a special release to the Daily News, Zeder said it would be "improper" to suggest that

the Carter administration "will be less conscientious and prudent with the U.S. taxpayers' money than the Ford administration has been."

Stringent conditions on any loan backed by the United States should be expected, Zeder said.

But Gov. Ricky Bordallo, slated to leave for Carter's inaugural Friday night,

yesterday held fast to earlier statements that he will not sign a loan agreement with current interior-department officials. Instead he plans to negotiate for better loan terms with the Carter administration.

"I am very optimistic things will work out," said Bordallo after reading the Zeder release which hinted that the Carter

administration will insist on the same loan terms the Governor twice has refused.

The \$36 million federally guaranteed loan to GPA has been stalled since October when Bordallo declined to replace board members Jose Leon Guerrero and Jose Cruz at Zeder's request.

(Continued on page 3)

'Bug' Hearings Jan. 17

Letter From Gachong

Dear Mr. Editor:
I see that a dog bit an airline captain on the ankle.
Even if the hound was as upset as the rest of us about Pan Am's schedules, I don't think it's fair

From Daily News Wires

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The group, scattered over a 3-million-square-mile area of the Pacific, is under a United Nations trusteeship which has been administered by the United States since World War II.

Many of the islands were unpopulated before the war.

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CIA agents were said to have "bugged" the Micronesian delegation on Saipan and elsewhere over a 4-year period.

Press reports last month said the CIA was said to have told that

'Nothing Will Change'

(Continued from page 1)

Bordallo charged Zeder with interfering in local government by suggesting what he considered suitable replacements for the board members.

Last week, Zeder, via an interior-department undersecretary, lifted those terms but added new stipulations which Bordallo also turned down.

The new terms would allow interior to replace the GPA management and board if its collections fall below 90 percent for three consecutive months or if the GPA plant and equipment fall into disrepair.

The Governor said Zeder had "put another monkey wrench in the whole picture" and vowed to try for "less restrictive" terms from the Carter administration.

"The assurances we have requested are most reasonable," Zeder said yesterday. "Indeed our collateral requirements are much less stringent than those any other lending agency would require," Zeder added citing stipulations attached to a Rural Electrification Administration loan being contemplated for financially distressed Guam

Telephone Authority.

New terms were added to the GPA loan guarantee after the Interior Department learned of a recent federal report which showed GPA collections "far below acceptable levels by any standard," the Zeder release said.

"For that reason the secretary (of interior) felt it necessary to revise our proposal to include stipulations that a 90-percent level be maintained," Zeder said.

The interior-department official praised new GPA board chairman Mark Pangilinan who last week said he would agree to the loan terms Bordallo had rejected.

"The (GPA) board's efforts to induce more businesslike and efficient management procedures are commendable," Zeder said, apparently referring to Pangilinan's request that top management officials at GPA submit courtesy resignations. Eleven of those officials refused.

"We are disturbed by the resistance (the board) is encountering in reducing the labor

force and trimming overhead," Zeder said of the incident. "It should be recognized that problems such as this do little to add assurance to a lending source."

Bordallo had little comment on Zeder's statements except to say he still would reject the loan as currently drafted and that he "realized the need for good business management within GPA."

A staff aide said the Governor would prefer not to comment on what he would consider acceptable loan terms until after his trip to Washington.

Pangilinan, contacted at his home last night, repeated statements made last week that he would have agreed to Zeder's most-recent demands but added that he is "confident the Governor will resolve the issue in Washington when he can deal face-to-face" with officials there.

Pangilinan said he believes the current GPA collection rate is around 90 percent and that it was lower a few months ago because of decreased revenue caused by Super typhoon Pamela.



INAUGURAL PARADE MARATHON DRIVE

'Operation Band-Aid' Contributions, Cost Go Up; Finale Today

Mounting contributions were offset by mounting costs as "Operation Band-Aid" moved into its final day of soliciting financial support for the Governor's Youth Band's trip to Jimmy Carter's inauguration.

Band-Aid cash contributions yesterday reached \$43,260.72, with "about \$5,000-\$6,000" in pledges, said Laura Souder, an aide to Gov. Ricky Bordallo.

But while the cash-pledge total came very close to the original \$50,000 goal, Souder said, some unforeseen expenses had pushed the goal to nearly \$55,000.

The organizing committee's inability to give U.S. Mainland airlines 30 days' notice meant the band would not be able to take advantage of "\$3,000-\$4,000 in potential savings" on air fares, she said.

Cover letters and acknowledgement advertisements would add about \$1,000 to the bill, Souder said.

The band is to leave for the Mainland on Friday but today is the deadline for all contributions.

The Youth Band will hold "a thank-you concert" from 5-6 p.m. today on KUAM-TV, during which a list of all donors will be read, said B. J. Cruz, the Governor's legal adviser.

A 1,000-year-old piece of jade donated by a local jeweler

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